

**Opening Statement of Hon. Ileana Ros-Lehtinen
Joint Hearing of Subcommittee on Investigations and Oversight and
and the Subcommittee on the Middle East and Central Asia
“Syria and the Oil-for-Food Program.”**

I thank Chairman Rohrabacher for holding this session as a joint hearing and for bringing this issue to the forefront.

Considering that we are talking about two state-sponsors of terrorism—Iraq under Saddam Hussein and Syria-- it is critical that we fully understand

- the scope of Syria’s involvement in the Oil-for-Food debacle;
- that we identify the nature of its involvement and warning signs that it was circumventing sanctions and manipulating the process; and
- that we also identify where the U.S. went wrong—

all of this, in an effort to avoid a repetition of past failures and mistakes.

In 1996, the Oil-for-Food program was instituted with the goal of providing food to impoverished Iraqis, funded by the sale of Iraqi oil.

Far from providing the Iraqi people its intended humanitarian assistance, the arrangement became astonishingly corrupt, with U.N. and other foreign officials and governments systematically abusing the system and receiving hefty sums of money in kickbacks from the Iraqi regime.

Thus, the oil-for food program became the biggest heist in recent history.

While it involved thousands of participants in dozens of countries, it was in the Syrian regime that Saddam found perhaps his most favored and profitable collaborator.

In the fall of 2000, Saddam’s regime began illegally exporting oil via Syria.

The Iraqi oil flowed through the Kirkuk-Banyas pipeline, generating approximately \$1 billion in profits for these terrorist regimes.

Thus, the pipeline agreement not only revealed the true intentions of both Iraq and Syria -- to ignore UN sanctions and circumvent oil-for-food mechanisms -- but provided them with the financial resources to engage in policies threatening global security.

Iraq’s robust illicit trade with Syria was later augmented by the January 2001 so-called Iraq-Syria Free Trade Agreement.

This agreement facilitated Iraq's acquisition via Syria of sensitive military, dual-use, and other “red line” items.

The collusion between Iraq and Syria in the Oil-for-Food program also resulted in 60 percent of Iraq’s earnings deposited in an Iraqi State Oil Marketing Organization

account in the Commercial Bank of Syria, with 40 percent into a cash account at the Syria-Lebanon Commercial Bank in Beirut.

As our witnesses will describe today, the Commercial Bank of Syria played a central role in the circumvention of UN sanctions, in laundering illicit Oil-for-Food profits, and in facilitating the purchase by the Iraqi regime of prohibited items.

Within this context, Mr. Comras' testimony is of particular interest to the members of the Subcommittees.

In his written statement, he refers to his work for former Secretary Powell on "smart sanctions" and strategies to send a clear message, that "we would no longer tolerate open sanctions violations such as those occurring in Syria."

We would appreciate it if Secretary Dibble, representing the Department of State, would elaborate upon the steps taken by the U.S. against Syria—not just through the 661 Committee—but U.S. bilateral actions to bring about an end to the collaboration between these two rogue states—Iraq and Syria.

In that vein, we would ask Secretary Dibble to discuss the May 2004 designation of the Commercial Bank of Syria as a "primary money laundering concern."

As you know, it derived from President Bush's Executive Order 13338, implementing the provisions of the Syria Accountability and Lebanese Sovereignty Restoration Act, as well as invoking Section 311 of the USA PATRIOT Act, which requires U.S. financial institutions to sever correspondent accounts with the Commercial Bank of Syria because of money laundering concerns.

Was the Commercial Bank of Syria's involvement in the Oil-for-Food scandal the sole variable considered? What other factors played a role in this determination?

Further, while sanctions were threatened, they were not implemented at the time.

Has the bank now been cut off from the U.S. financial system and from international financial markets? Does this include closing down accounts not only with corresponding U.S. banks, but also securities dealers and mutual fund providers?

Given that Syria is a state-sponsor of terrorism and a corrupt regime—as illustrated by its role in the Oil-for-Food scandal—is there any degree of confidence that the Syrian regime will comply with the specific steps outlined by the U.S. to address money laundering and terrorist financing concerns?

Earlier this year, the Treasury Department sanctioned SES International, which was reportedly the primary facilitator for the transshipment of weapons and munitions, as well as many other unauthorized goods, through Syria into Iraq.

Will additional, more rigorous designations or sanctions against the Syrian regime be considered by the Administration-- either for their involvement in the Oil-for-Food scandal; their violations under the Syria Accountability and Lebanese Sovereignty Restoration Act; or for money laundering and terrorist financing?

Considering the role of banks in Lebanon in the Oil-for-Food scandal, should we expect any punitive action to be undertaken against these Lebanese financial institutions?

I would also appreciate it if our witnesses would comment on the possibility that former regime elements in Damascus are financing and coordinating the terrorist campaign in Iraq against the Coalition, the Iraqi government, and innocent Iraqi civilians utilizing money and other assets garnered from its illicit trade under Oil-for-Food.

Despite American warnings, Damascus has reportedly continued to expedite the passage of jihadists into Iraq and members of other terrorist organizations.

In addition, Syria continues to be a foremost supporter and weapons supplier of Hezbollah, a terrorist group active in Lebanon, and throughout the world, that has been targeting and killing Americans and many others since the early 1980s.

I want to bring these issues to our panelist's attention to emphasize the fact that lives, not just policies, are at stake in our efforts to stem the flow of Syrian terrorist financing, support for terrorists, and other nefarious activities as illustrated through its role in the Oil-for-Food scandal.

Our actions toward the Syrian regime must reflect this reality.

As I stated at the beginning of my remarks, we must heed the lessons of the Oil-for-Food debacle and related foreign policy miscalculations, in order to avoid repeating them.

Today's hearing is an important first step.